



TESTIMONY
of the
CONNECTICUT CONFERENCE OF MUNICIPALITIES
to the
PLANNING & DEVELOPMENT COMMITTEE

February 23, 2009

The Connecticut Conference of Municipalities is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population.

We appreciate this opportunity to testify before this joint committee in support of the following bills of interest to towns and cities:

- Prop. H.B. 5529, • "An Act Concerning the Funding of State Mandates on Towns"
- Prop. H.B. 5537, • "An Act Concerning Approval of Unfunded State Mandates"
- Prop. H.B. 5550, • "An Act Providing A Statutory Cap on Unfunded Mandates"
- Prop. H.B. 5558, • "An Act Concerning the Process of Legislative Approval of State Mandates"
- Prop. H.B. 5565, • "An Act Concerning Unfunded State Mandates for Municipalities"
- Prop. H.B. 5869, • "An Act Concerning the Approval Process for Unfunded State Mandates"
- Prop. S.B. 394, • "An Act Concerning State Mandate Relief"

These proposals would enact a statutory prohibition to prevent the passage of unfunded or underfunded state mandates without a 2/3 vote of both chambers of the General Assembly. [S.B. 394 would (1) eliminate existing "burdensome" mandates and (2) enact a 3-year moratorium on new mandates.]

These are reasonable proposals that would provide towns and cities with long-term relief from unfunded mandates. However, they do not tie the hands of the General Assembly. If state legislators feel a particular need to impose an unfunded mandate, they would still be able to do so – the 2/3 vote ensures a full discussion of the impact on towns and cities, and ensures there is widespread support for imposing a mandate.

It should be noted that the federal government has acted to relieve states and local governments from costly mandates, through the Unfunded Mandates Reform Act.

According to the Connecticut Advisory Commission on Intergovernmental Relations, Connecticut's towns and cities must comply with over 1,203 statutory state mandates.

Make no mistake -- local officials do not question the merit of many state mandates, such as special education, public health, recycling of reusable wastes, and clean water requirements. However, local officials object when the State does not (1) provide commensurate funding to implement and deliver what these mandates require, and (2) adjust certain onerous state mandates to conform to the current economic climate.

Too often municipalities in Connecticut are forced to carry out state policies with little or no state funding. It is fundamentally inappropriate and inequitable to force towns and cities to assume all or most of the costs of policies the State has decided to implement – and thus to pass these costs on to local property taxpayers. It's buying something that may be good – but with someone else's money.

In addition, towns and cities lose staggering amounts of revenue as the result of about 65 state-mandated property tax exemptions including exemptions from the real and personal property owned by the State and by private colleges and hospitals. These state-imposed obligations and state-imposed revenue losses force all municipalities to increase their property tax rates [see attachment].

The Many Faces of Mandates

Not all state mandates are obvious.

State mandates come in all shapes and sizes. Sometimes, although the State does not specifically direct a mandate to municipalities, it effectively imposes one. These “mandates in effect” occur when the State abandons necessary state-provided services that citizens rely on and need. This is a particular danger when state budgets are tight.

Municipalities must then continue to provide these services at local expense. For example, deinstitutionalization or cuts in funds for mental health institutions and for juvenile homes shifts the service burden to local health personnel, social workers, police officers, and others. Similar shifts occur when the state inadequately prepares people for reentry into communities from prison or jail. The effect of state mandates compromises the goal of reentry strategies and

subsequently releases prisoners disproportionately into major metropolitan areas without providing needed resources.

In some cases, the General Assembly passes legislation that a municipality may adopt by local option which, as a practical political matter, the town or city cannot avoid. For example, in recent years the legislature has given municipalities the option of increasing property tax breaks to military veterans at local taxpayers' expense – a worthy cause, but an option that many municipalities will feel compelled to enact, especially when the country is involved in two wars. In a situation such as this, the State has again bought good will from a segment of the public – with local property tax dollars.

Conclusion

State mandates, both new and old, are predominant cost drivers of local budgets. *In the present economic environment, municipalities are being forced to raise property taxes, while still having to lay-off employees, and reduce local services.*

State lawmakers now have a unique opportunity to make positive structural changes on the operation of government that bring significant cost savings. Towns and cities have long asked for serious reform of state mandates. But in these tough economic times, it is imperative that state leaders finally carry reforms across the finish-line.

Connecticut's local property taxpayers – residential and business – can no longer afford to have state officials on the sidelines and ignore the need for comprehensive reform of state mandates.

Our local property taxpayers deserve no less.

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If you have any questions, please call Jim Finley, CCM Executive Director and CEO; Gian-Carl Casa, CCM Director of Legislative Services; or Ron Thomas, CCM's Manager of State and Federal Relations; at (203) 498-3000.

Enclosure



900 Chapel St., 9th Floor, New Haven, Connecticut 06510-2807
Phone (203) 498-3000 • Fax (203) 562-6314 • www.ccm-ct.org

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February 23, 2009

Good Afternoon.

My name is Tim Stewart. I am Mayor of New Britain, as well as a member of the Connecticut Advisory Commission on Intergovernmental Relations (CT ACIR).

I appreciate this opportunity to testify before this joint committee on behalf of CCM in support of the following bills of interest to towns and cities:

Prop. H.B. 5529, 5537, 5550, 5558, 5565, 5869 and S.B. 394. These bills would provide towns and cities with meaningful property tax relief by statutorily prohibiting unfunded state mandates, unless there is a 2/3 vote of the General Assembly to do otherwise.

CCM applauds the Planning and Development Committee for dealing squarely with property tax reform by not only holding a hearing on mandates, but also on local tax options and, soon, smart growth. These proposals, taken together as a comprehensive policy, can help sustain municipalities through these perilous economic times, and build a solid foundation on which towns and cities can operate after the current crisis.

CCM appreciates that Governor Rell not only proposed level-funding of major education grants in her budget, but for proposing meaningful mandates reform. Her mandates proposal, H.B. 6388, focuses on several specific ways to provide relief to communities:

Governor Rell's proposal, H.B. 6388, proposed several mandates reform measures, including:

- Enacting a statutory prohibition to **prohibit the enactment of "costly" new unfunded or underfunded state mandates without a 2/3 vote of both chambers of the General Assembly;**

- Providing a 2-year delay for the police treatment of 16 and 17-year olds as juveniles mandate (from 1/1/10 to 1/1/12);
- Providing a 2-year postponement of the effective date of the in-school suspension mandate (from 7/1/09 to 7/1/11);
- Providing municipalities with 30 days to post minutes on town websites, and suspending the mandate until 1/1/10;
- Removing the mandate that municipalities store and collect the possessions of evicted residential tenants;
- Allowing towns and local boards of education to extend an expired or expiring contract for 2 years, providing current “wage and benefit package and other work rules remain in effect”;
- Requiring that arbitrators not include municipal fund balances under 10% in determining a municipality’s ability to pay under the Teacher Negotiation Act (TNA) and Municipal Employees Relations Act (MERA);
- Limiting the mandatory subjects of collective bargaining to wage and salary benefits and “matters of health and safety only”;
- Requiring that TNA stipulated agreements be approved by the local legislative body (if rejected, must be done by a 2/3 vote);
- Requiring arbitrators to take into consideration a municipality’s ability to “keep the property tax levy increase to a percentage change in the Consumer Price Index (CPI)” for the most recent 12-month period;
- Allowing for collective bargaining over the concept of “regional consolidation of services”, but not over whether consolidating should occur;
- Allowing municipalities to negotiate multi-municipal master contracts with municipal employee and teacher unions;
- Permitting municipalities to post their annual budgets electronically, rather than requiring they be printed;
- Permitting municipalities to post certain information online, rather than publishing such information in the newspaper, as long as Freedom of Information (FOIA) requirements are met; and

- Encouraging **state agencies to accept electronic submission of reports from municipalities.**

In **H.B. 6389**, Governor Rell also proposed several measures to provide property tax relief through **promoting regional cooperation** among towns and cities, including:

- Establishing a \$10 million bond-funded program called the **“Municipal Capital Expenditure Grant Program”** (MCEP) for regional purchasing of equipment. The grant would equal 75% of the joint municipal costs up to a maximum of \$250,000. Such equipment must have a useful life of at least 5 years;
- Establishing a **“Regional Incentive Grant”** of \$40 million, through bonding, for regional efforts such as trash collection and recycling, highway maintenance, animal control, “centralized administrative functions” (tax collection, payroll, assessment, etc.), merging municipal police departments, merging emergency communications centers, and parks and recreation. Under the Governor’s plan, 3 or more municipalities with a combined population of at least 50,000 would be eligible for a grant of up to \$3 million; 4 or more municipalities with a combined population of less than 50,000 would be eligible for a grant of up to \$1 million;
- Establishing a **10% bonus for the Local Capital Improvement Program (LoCIP)**, for 3 years, for municipalities that undertake eligible regional projects. However, the 10% would be from existing funds. We believe it should be in addition to appropriations;
- Establishing a **10% bonus for the Town Aid for Roads (TAR)**, for 3 years, for municipalities that undertake eligible regional projects. However, the 10% would be from existing funds. We believe it should be in addition to appropriations;
- Allowing municipal chief executive officers who want to enter into **interlocal agreements for the “purchase of products or services”** to select a municipal attorney to review and approve such agreements and to permit a “lead” municipality to administer the purchase agreement or service contract;
- Sponsoring an **annual “regional incentive seminar” for municipal officials** to apprise them of the cost-effectiveness of regionalism. This would be done “within available appropriations”;
- Authorize the Secretary of OPM to **delay revaluation for up to 2-years, to allow the municipality to enter into an interlocal agreement with another town or towns for revaluation services**; and

Further, in **H.B. 6367**, she allows **State Small Town Economic Assistance (STEAP)** grants to be used jointly by multiple towns.

These proposals should be adopted by the General Assembly to provide towns and cities with the mandates relief they have long-sought. Municipalities are reeling from the economic downturn. The State has the wherewithal to throw a lifeline –without costing it a dime. Please consider the plight of property taxpayers and support these meaningful mandates reform proposals.

Thank you.

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If you have any questions, please call Jim Finley, CCM Executive Director and CEO; Gian-Carl Casa, CCM Director of Legislative Services; or Ron Thomas, CCM's Manager of State and Federal Relations; at (203) 498-3000.



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We appreciate this opportunity to testify before this joint committee in support of the following bill of interest to towns and cities:

Prop. H.B. 5526, "An Act Concerning In-School Suspensions"

This bill would delay implementation of Public Act 07-66, *which requires schools to do in-school suspensions* unless a student poses a threat or danger to other students or faculty. The costs associated with this mandate for staffing, administrative and facilities would deplete already limited education funding. The delay in the implementation date will provide municipalities an immediate savings on costs associated with housing such students on-site during their suspension periods and allow municipalities more time to implement a long-term plan for meeting the intent of the law.

CCM estimates that implementing the mandate would cost towns and cities from \$9,000 per year (small town) to \$4.5 million per year (city). The average cost per student is approximately \$197.

This mandate should not just be delayed, it should be repealed unless full state funding is provided for it. At the very least, the Committee should (a) amend H.B. 5526 to clarify that a purpose of the postponement is to secure state funding to reimburse towns and cities for costs associated with the mandate, and (b) favorably report it.

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If you have any questions, please call Ron Thomas, Jim Finley or Gian-Carl Casa, at (203) 498-3000.

